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C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 001766

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SUBJECT: SHAPE OF NEW INDONESIAN CABINET EMERGES DESPITE
DELAY IN OFFICIAL ANNOUNCEMENT

REF: A. JAKARTA 1727

[1](#)B. JAKARTA 1765 AND PREVIOUS

Classified By: Deputy Pol/C Darcy F. Zotter, reasons 1.4(b+d).

[1](#)1. (C) SUMMARY: After weeks of frenzied media speculation, Indonesians were expecting to learn today who President Yudhoyono had selected for his new cabinet. Although most of the positions are pencilled in, analysts speculate that the delay could be due to a last-minute attempt by Yudhoyono to convince former president Megawati, his defeated contender and leader of long-time opposition party PDI-P, to join his coalition. Press coverage of ministerial interviews and the word on the street reveals a cabinet that is expected to contain a mix of political appointments and technocrats. END SUMMARY.

DELAY IN OFFICIAL CABINET ANNOUNCEMENT

[1](#)2. (U) Following his October 20 inauguration, President Yudhoyono was reportedly set to end weeks of speculation over who would be in Indonesia's new cabinet with an official announcement today, October 21. The announcement was to be followed by an inauguration of the Cabinet at the Presidential Palace October 22. Presidential Spokesman Andi Mallarangeng, however, said that "due to technical difficulties" the announcement would be delayed until Thursday or Friday. (October 22-23).

WOOLING THE OPPOSITION

[1](#)3. (C) Observers, pointing to Megawati's absence from President Yudhoyono's inauguration yesterday, suggest that the delay might be because Yudhoyono is entrenched in last minute negotiations to get her party, PDI-P, on board (reftel). PDI-P Secretary General Pramono Anung announced October 21 that PDI-P would not join Partai Demokrat's (PD) coalition. The Golkar Party, which was formerly aligned with PDI-P, has signed a contract officially joining PD's coalition.

CABINET BEGINS TO TAKE SHAPE

[1](#)4. (SBU) Despite the delay in the official announcement, contacts and the media have stated that the new cabinet is expected to be relatively large (approximately 34 positions, like the current cabinet), with technocrats in key positions and political loyalists in others. Based on the speculative lists, it appears that President Yudhoyono's coalition partners may reap their reward. Largest Islamic-oriented party Prosperous Justice Party (PKS) might hold three positions, while other Islamic-oriented parties, United Development Party (PPP) (2 seats); National Mandate Party PAN (3 seats) and National Awakening Party (PKB) (2 seats) would

also get their share. The Golkar Party, a latecomer to the coalition headed by close presidential ally Aburizal Bakrie, would also get three seats. Yudhoyono's own Partai Demokrat would hold four seats. (Note: Cabinet Secretary and Attorney General posts are still be up in the air pending talks with PDI-P.)

MINISTERIAL NAMES EMERGE, WITH SOME OUTGOING MINISTERS COMING BACK

15. (C) President Yudhoyono, is choosing close allies and known quantities for key cabinet positions. At least six of the significant players from the previous cabinet appear likely to remain in place, although some will be in different positions. Well-respected Ministers Mari Pangestu (Trade) and Sri Mulyani (Finance) (awarded Asian Finance Minister of the Year from Emerging Markets and Finance Minister of the Year from Euro Money in 2008) look set to retain the same positions, along with Partai Demokrat stalwart, current Tourism and Culture Minister Jero Wacik.

16. (C) Other ministers will likely shift portfolios. Mohammad Nuh, current Information and Technology Minister, may move over to head the Education Ministry. Presidential confidante and current State Secretary Hatta Rajasa is expected to become Coordinating Minister for the Economy. This would be a somewhat surprising choice due to his relatively limited formal economic credentials, but analysts note that his political acumen could yield more cooperation with Parliament on economic policy. It is rumored that Rajasa's influence with Yudhoyono was instrumental in getting two PAN party colleagues assigned to the Ministries of

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Forestry and Justice and Human Rights.

CURRENT ENERGY MINISTER PENCILED IN AS DEFENSE MINISTER

17. (C) Another surprise pick from the current cabinet could be President Yudhoyono's choice for Defense Minister, Purnomo Yusgiantoro, the outgoing Energy and Mineral Resources Minister. While Yusgiantoro has some background in defense and security issues -- he was vice governor at the military think tank, the National Resilience Institute, from 1998 to 2000, and graduated from Indonesia's National Institute for Defense and Strategic Studies in 1992-- most of his career has been linked to the oil and gas sector. He would replace outgoing Defense Minister Sudarsono, an academic who was the first civilian to complete a stint as Defense Minister.

18. (C) Yusgiantoro, who received his doctorate in 1988 in energy economy from the Colorado School of Mining, has a long history with Yudhoyono. They were close colleagues when Yudhoyono was Minister of Energy and Mineral Resources. Yusgiantoro replaced Yudhoyono as Energy Minister at the end of 2000 under then President Abdurrahman Wahid and stayed in that position under the Megawati and first Yudhoyono administrations. Most recently he was reportedly a big fund-raiser for Yudhoyono's presidential campaign.

A PREDICTABLE AND PROMISING CHOICE FOR FOREIGN MINISTER

19. (C) Yudhoyono's probable pick for the next Foreign Minister, Marti Muliana Natalegawa, is a promising young career diplomat who is currently Indonesia's permanent representative to the United Nations. During his tenure there, he served as President of the Security Council in November 2007. If chosen as Foreign Minister, he would replace outgoing Minister Hassan Wirajuda. Educated at the London School of Economics, with a master's in philosophy at the University of Cambridge and a Ph.D. in philosophy from Australian National University, Natalegawa has been in the Foreign Service since 1986, and is seen as a rising diplomatic star. He was previously Spokesman and Chief of Staff for the Office of the Minister of Foreign Affairs, Director General for ASEAN Cooperation, Director of

International Organizations and Chief of Political Affairs at the UN. He is well-versed in U.S.-Indonesia relations, and could be a helpful interlocutor for the U.S. on many of our key policy issues.

OFFICIAL CABINET ANNOUNCEMENT EXPECTED SOON

¶10. (C) President Yudhoyono heads to Thailand for the ASEAN 3 meeting October 23, so he is in a crunch to officially announce his cabinet before then.
HUME